



Maxwell C. Bailey
Secretary of Transportation

Commonwealth of Kentucky
Transportation Cabinet
Frankfort, Kentucky 40622

Ernie Fletcher
Governor

Construction Memo No. 01-04

MEMO TO: Chief District Engineers
TEBM's for Construction
District Construction Engineers
Resident Engineers
Active Consultant Engineers

FROM: Dexter Newman, P.E., Director
Division of Construction

DATE: January 20, 2004

SUBJECT: Special Note for Resurfacing Projects Deferred Payment
Adjustment

Starting the January letting, the attached special note will be included on resurfacing projects. It limits progressive payments to half of the amount earned for projects started early in the year. In November, the Department will review the payments. If we have a better than expected financial situation, then we will increase payments accordingly. If we are still struggling with our financial problems, then the balance of the payments will be made in March 2005. These projects have a completion date of June 1, 2005. However, if a road is started in calendar year 2004, it must be completed in 2004. On group projects, the entire project does not have to be completed; however, any road in the group that is started must be completed in 2004.

There has been a new pay item added to these projects called "Deferred Payment Adjustment". This item has the unit of dollars, and a unit price of \$1.00. It will be used to capture the half earnings that will be deferred. The resident engineer will enter all work into the KYCEMPII program as it is done, just like normal. This allows normal project documentation to occur. However, pay estimates are a bit more complicated.

When preparing a pay estimate, prepare an initial estimate the way it is normally done. Review that estimate, but do not approve it or do anything else with it. Review the total dollar pay amount of the estimate. This is the total earning for that pay period. Go back into KYCEMPII and enter $\frac{1}{2}$ this amount as a negative in the "Deferred Payment Adjustment" item. Then rerun current estimate. The new estimate will be for half of the earnings, in accordance with the note. For projects extending over multiple pay periods, repeat the process. Do not zero out the "Deferred Payment Adjustment" item between estimates.

Using this methodology allows us to easily track all the deferred payments outstanding. If 52 different residents tried doing write-in items on ad-hoc methods, we would be lost in figuring out how much is actually owed. Please stick to this method over the 2004 season.

DN:ts

Attachments

J.M. Yowell	A. Hubbard	K. Sperry	PAIKY
R. Stansel	C.O. Engineer	C. Knowles	KHAC
W. Glass	FHWA	G.Sharpe	P. Foley
G. Poole			

**SPECIAL NOTE FOR AWARD OF CONTRACT
PARTIAL & FINAL PAYMENTS
RESURFACING PROJECTS**

Contrary to Section 103.02, the Department may hold the Bid Proposals of any or all bidders for a period not to exceed 90 calendar days for final disposition of award. The Department may hold the Bid Proposal of the lowest bidder longer than 90 calendar days if the bidder concurs.

Contrary to Section 103.04, The Department will hold the Proposal Guaranty of the lowest bidder and the Proposal Guaranty of the second lowest bidder, as determined by the Commissioner, until the Department awards the Contract and executes and approves the Contract and bond of the successful bidder, or until the Department rejects all Bid Proposals. If the Department does not make an award within 90 calendar days, the Department will return all Proposal Guaranties.

In order to maximize the use of available funding, the Contractor is advised that the Kentucky Transportation Cabinet (KYTC) plans to have available monies to pay out approximately 50% of the resurfacing appropriation, as approved by the 2004 General Assembly, by November 30, 2004. Contrary to Section 109.05, for each partial payment, the Department will pay 50 percent of the value of the work performed as computed from the bi-weekly estimate as due, less any previous partial payments. Between November 1 and November 30, 2004 the Department will review actual partial payments made, and if total payments for all resurfacing projects are less than 50 percent of the approved resurfacing appropriation, the Department will make additional proportional partial payments for all resurfacing contracts for work performed up to 50 per cent of the approved appropriation. If actual revenues received and expenditures by the Cabinet allow, as determined by the Secretary of Transportation, the Department may increase the total partial payments for work performed for all resurfacing projects to an amount greater than 50 per cent as determined by the Secretary.

The Department will pay the remainder of partial payments for 100 percent of the value of the work performed as computed from the bi-weekly estimate as due, less any previous partial payments, by March 15, 2005 for projects completed prior to that date, or upon completion of the project by its completion date of June 1, 2005, for projects completed after March 15, 2005.

Upon written request and approval by the Engineer, the Contractor may begin work prior to November 30, 2004, but will be paid less than the total amount due for completed work, in accordance with the above paragraphs. However, if the Contractor begins work in calendar year 2004, the completion date shall be understood to be November 30, 2004 and all work must be completed before November 30, 2004; the Department will not allow work to begin in 2004 and be left partially completed through the winter months December 2004 through March 2005. Further, if the Contractor begins work in calendar year 2004, asphalt mixtures containing PG76-22 or PG70-22 asphalt binder must be completed no later than October 30, 2004.

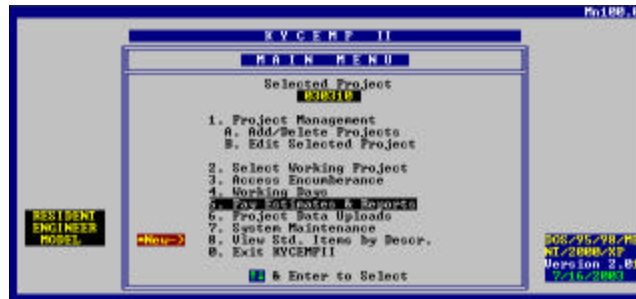
No claims will be recognized for any expenses related to the proposed pay schedule. Questions should be directed to the Executive Director of the Office of Construction and Operations at (502)564-3730. Except as provided in this note or elsewhere in the proposal, all other applicable portions of Section 103, 108, and 109 apply.

KYCEMPII

Deferred Payment Adjustment

FY 2005

FD05 projects



Enter quantities from DWR into KYCEMPII for work performed.

At Estimate time, generate a current estimate and check total monies earned for pay period.

Take 1/2 of total earned for pay period and apply as negative amount to Bid Item 07635 (Deferred Payment Adjustment).

Regenerate current estimate. It should be 1/2 money due.

After entering actual quantities and generate an estimate to screen

CONTRACTOR PAY ESTIMATE

PUM : DOC:

Number :

Submittal Date : 1/28/2004 Available Types

Estimate Type : G PG:

Beginning Date : 11/28/2003

Through Date : 1/28/2004

Final
Post Completion
Last Payment
Current

Display Report to: SCREEN PRINTER SCREEN FILE

Use ABBREVIATED (Short) Format ? N(---) Y

Y Uses Short Format, N Uses Complete Format

Proceed to Build & Print This Pay Estimate ? Y(---) N

Record will be added

Need to apply 1/2 money due contract this estimate to Deferred Payment Adjustment Item

For example
 $\$58,970.00/2$
 $= \$29,485.00$

CONTRACTOR PAY ESTIMATE	
Approved Change Orders	1.00
Revised Amount	672,470.85
Total Due Contractor to Date	58,970.00
Unexpended Balance	613,500.85
Less Previous Payments	0.00
Amount Due Contractor This Estimate	58,970.00

Add minus amount equal to 1/2 current estimate earnings

The screenshot shows a software window titled "cmd - KYCEMPII". Inside, there's a section labeled "ITEM QUANTITIES". Below this, project details are listed: PROJECT CODE NO: 030310, SSSC: 0011, ITEM CODE: 07635, DESCRIPTION: DEFERRED PAYMENT ADJUSTMENT. To the right, it says DATE RECORDED: 1/28/2004, Document NO: 100303101, and P-CODE: PD05. A larger section below contains: ESTIMATED QUANTITY: -29,485.0000, LOCATION: DEFERRED UNTIL MARCH 15, DATE WORK DONE: 1/28/2004, INSPECTOR: BCL, and REMARKS: SEE NOTE IN PROPOSAL FOR PD05 PROJECTS. At the bottom, a status bar says "Record will be added".

Re-run Estimate and make sure it calculates 1/2 money due.

Estimated Amount	=	437,490.05	
Total Due Contractor to Date	=	29,485.00	29,485.00
Outstanding Balance	=	447,975.05	
Less Previous Payments	=		0.00
Amount Due Contractor This Estimate	=		529,460.00

Repeat process for each pay period.

On March 15, 2005 the item of
Deferred Payment Adjustment can be
adjusted to zero quantity